

Message Text

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PAGE 01 BOGOTA 00853 272254Z
ACTION XMB-04

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LIMITED OFFICIAL USE BOGOTA 0853

E.O. 11652: N/A
TAGS: EFIN, CO
SUBJ: COLOMBIAN-SALE OF VARIOUS TYPES OF CONSTRUCTION EQUIPMENT
TO THE MINISTERIO DE OBRAS PUBLICAS Y TRANSPORTE. US EXPORT VALUE-
UP TO 20 MILLION DOLLARS

REF: STATE 012690

1. COMMATT MET ON JAN 24 WITH VICE MINISTER RESTREPO OF PUBLIC
WORKS TO DISCUSS TERMS OF SUBJECT SALE. RESTREPO STATED THAT
FINANCIAL TERMS WERE ESTABLISHED BY MINISTRY OF FINANCE AND THAT
PUBLIC WORKS ONLY RESPONSIBLE FOR TOTAL VALUE OF CONTRACT.
QUESTIONS ABOUT BASIS FOR ESTABLISHMENT OF TERMS WERE REFERRED TO
FINANCE MINISTRY. HE NOTED THAT TERMS ARE CLEARLY STATED IN BID
DOCUMENTS AND THAT THEY
ARE MINIMUM ACCEPTABLE TO GOC. HE STATED THAT NORMAL EX-IM BANK
TERMS WOULD NOT MEET BID REQUIREMENT.

2. RESTREPO, PERHAPS CONCERNED ABOUT OFFICIAL USG QUERY, QUICKLY
NOTED THAT MINISTRY WOULD BE OPENING ANOTHER BIDDING PROCESS FOR
SIMILAR AMOUNT AND TYPE OF EQUIPMENT DURING NEXT FEW MONTHS. HE
NOTED THAT IBRD WOULD PROVIDE FINANCING AND POINTEDLY NOTED
THAT IT WOULD BE OPEN TO SUPPLIERS OF ALL IBRD MEMBER COUNTRIES.
THIS SECOND PURCHASE WOULD BE FOLLOWED BEFORE END OF 1979 BY
THIRD SALE, SIMILAR TO FIRST IN FINANCING CONDITIONS, TYPE OF
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EQUIPMENT AND VALUE. SERIES OF PURCHASES DUE TO OFFICIAL
DETERMINATION THAT ONE-THIRD OF MINISTRY EQUIPMENT MUST BE
REPLACED.

3. THE CREDIT CONDITIONS WERE ESTABLISHED IN A DECREE AUTHORIZING
THE MINISTRY OF PUBLIC WORKS TO CONTRACT EXTERNAL CREDIT FOR
12.5 MILLION DOLLARS. THUS, IT IS NOT SPECIFICALLY AN EAST

GERMAN CREDIT BEING CHanneled THROUGH THE COLOMBIAN CENTRAL BANK AS PART OF A COMPENSATION AGREEMENT. IT IS THEORETICALLY AN OPEN BID, BUT OF COURSE ONLY THE EASTERN BLOCK COUNTRIES WITH NEGATIVE BALANCES IN THEIR BILATERAL TRADE WILL OFFER SUCH TERMS, SO IT AMOUNTS TO A DEFAC TO CLOSED BID. THE MINISTRY OF PUBLIC WORKS HOWEVER CAN REJECT BIDS EVEN THOUGH THEY MEET THE CREDIT TERMS IF IT CONSIDERS THE EQUIPMENT INFERIOR FROM A PRICE OR QUALITY STANDPOINT. THE MINISTRY OF FINANCE WOULD THEN HAVE TO CHANGE THE CREDIT TERMS TO ALLOW THE MARKET ECONOMIES TO PARTICIPATE IN A SECOND ROUND OF BIDDING ON THE SAME EQUIPMENT.

4. IT WOULD SEEM THAT IT IS UP TO THE PRIVATE SECTOR AND THOSE INTERESTED IN THE BID TO PROVIDE THE KIND OF COST, PRICE, PARTS, SERVICE, AND PERFORMANCE COMPARISONS THAT COULD LEAD TO PRESSURE ON THE MINISTRY OF PUBLIC WORKS TO REJECT THE OFFERS THAT MEET THE CREDIT CONDITIONS.
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Message Attributes

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